Meeting No. 502

MINUTES OF MEETING

THE BOARD OF DIRECTORS OF

THE TENNESSEE VALLEY AUTHORITY RETIREMENT SYSTEM

December 8, 2023

The regular quarterly meeting of the Board of Directors (Board) of the TVA Retirement System (TVARS or System) was held on Friday, December 8, 2023, at 1:07 p.m., EST, at the TVA Knoxville Office Complex, West Tower Plaza, Knoxville, Tennessee.

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The following directors were present: Brian M. Child, Chair; Michael L. Belcher; Michael A. Blakely; Marilyn G. Brown; Micheal D. Clement; Eric J. Davis; and Tina R. Wallace. Also present were Mark N. Meigs, Executive Secretary; William B. Jenkins, Jr., Assistant Secretary; Sally R. Weber, Manager, Retirement Operations; Veenita Bisaria, Manager, Investment & Risk Management; Michael B. Barnes, Sr. Analyst, Investment & Risk Management; Hayley S. Huskey, Sr. Analyst, Investment & Risk Management; and W. Colby Carter, Managing Counsel.

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502-1 Each director was notified in a memorandum dated November 22, 2023, of the regular quarterly meeting to be held on December 8, 2023. A copy of the notice from the Executive Secretary is filed as Exhibit 502-1.

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502-2 (A-7007). The Chair's report included the following:

- The Chair welcomed Mike Clement to his first meeting as a new Board member. Mr. Clement's term as an elected Director began November 1, 2023, and will run through October 31, 2026.

- The Chair expressed his appreciation for the work of the TVARS staff at a luncheon with the Board and staff prior to the meeting.

- The Chair designated the following members for the Board's standing committees for calendar year 2024:

Audit Committee	Retirement Committee
Marilyn G. Brown, Chair	Michael L. Belcher, Chair
Micheal D. Clement	Michael A. Blakely
Brian M. Child	Brian M. Child

Investment Committee	Election Committee
[Committee of the whole Board]	Michael L. Belcher, Chair
Eric J. Davis, Chair	Marilyn G. Brown
	Eric J. Davis

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502-3 (A-7008). The Executive Secretary's report included the following:

- Prior to the meeting in an executive work session, the Executive Secretary met with the Board to provide information and updates on the System's organization structure and staffing and to discuss succession planning within the organization. In addition, the Executive Secretary provided and discussed with the Board an overview of the annual work plan. A copy of the 2024 work plan is filed as Exhibit 502-3(a).

- The Executive Secretary provided to the Board the proposed quarterly meeting schedule for calendar year 2024. A copy of the quarterly meeting schedule is filed as Exhibit 502-3(b).

- The Executive Secretary provided information to the Board on two upcoming changes in the 401(k) Plan that will lower fees for participants:

    - A new CIT class for the Loomis Sayles Core Plus Fixed Income Fund in the 401(k) investment lineup that will lower the expense ratio from 0.35% to 0.18% starting February 1, 2024, for participants invested in this fund, and

    - Lower fees for Fidelity's managed account service for participants in the 401(k) Plan (Fidelity Personalized Planning & Advice service) effective in March 2024

Information on these lower fees will be communicated to 401(k) Plan participants later in December or in January 2024.

A copy of the lower fee information from the Executive Secretary is filed as Exhibit 502-3(c).

- The Executive Secretary shared information on the work by TVARS staff to provide census data to the TVA and TVARS actuaries needed for the valuation of System liabilities that involves over 4 million pieces of data covering 33,000 active employees, retirees, and beneficiaries.

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502-4 (A-7009). For the Legal Update, Managing Counsel provided information to the Board on the IRS housekeeping amendments to the TVARS Rules and Regulations and 401(k) Plan Provisions in the Retirement Committee that will memorialize operational provisions implemented by the System for required minimum distributions (RMDs) and Covid-related distributions and loan deferrals pursuant to the SECURE Act, SECURE Act 2.0, and CARES Act. A copy of the Legal Update is filed as Exhibit 502-4.

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502-5 (A-7010). As required by the System's bylaws, an election was held for the offices of Chair and Vice-Chair of the Board.

- Mr. Davis and Ms. Wallace were nominated as candidates for the office of Chair. After statements from both candidates, pursuant to the System's bylaws, the Directors voted by ballot, and Ms. Wallace was elected as Chair for a three-year term ending at the December 2026 quarterly meeting.

- Mr. Davis was nominated as a candidate for the office of Vice-Chair. Given the fact that only one candidate was nominated, no ballot was necessary, and the Board voted to elect Mr. Davis as Vice-Chair for a three-year term ending at the December 2026 quarterly meeting.

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502-6. As a part of the Consent Agenda, the Board approved the minutes for the meeting reported below in A-7011, and accepted the reports as of September 30, 2023, listed below in A-7012, A-7013, A-7014, and A-7015.

- A-7011 Meeting No. 501 held September 21, 2023
- A-7012 Treasurer's Report (filed as Exhibit 502-6(a))
- A-7013 Investment Performance Report prepared by Wilshire Advisors LLC (Wilshire) (filed as Exhibit 502-6(b))
- A-7014 Report of retirements approved (filed as Exhibit 502-6(c))
- A-7015 Quarterly review for the 401(k) Plan prepared by Fidelity Investments Institutional Services Company (Fidelity) (filed as Exhibit 502-6(d))

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502-7 (A-7016). The Retirement Committee report consisted of items reported below at A-7017, A-7018, A-7019, A-7020, and A-7021.

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502-8 (A-7017). Upon the recommendation of the Retirement Committee, the Board approved the calculation of a 4.44% cost-of-living adjustment (COLA) in the monthly pension and supplemental benefits payable to eligible retirees and beneficiaries in accordance with the TVARS Rules. The COLAs are effective with the January 2024 payments as provided for in sections 6I, 7L and 18C3 of the TVARS Rules. A copy of the memo from the Executive Secretary to the Board dated December 8, 2023, with the COLA calculation is filed as Exhibit 502-8.

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502-9 (A-7018). Upon the recommendation of the Retirement Committee, the Board approved the calculation of the following interest crediting rates for calendar year 2024: (i) a 7.69% annual interest crediting rate to the cash balance accounts of participants hired before

January 1, 1996, pursuant to Section 7C3(a) of the TVARS Rules; (ii) a 6.25% annual interest crediting rate to the cash balance accounts of participants hired on or after January 1, 1996, pursuant to section 7C3(b)(ii) of the TVARS Rules; and (iii) a 6.25% annual interest crediting rate for fixed fund accounts pursuant to Section 17 of the Actuarial Assumptions in the Appendix to the TVARS Rules. A copy of the memo from the Executive Secretary to the Board dated December 8, 2023, with these cash balance and fixed fund annual interest rate calculations is filed as Exhibit 502-9.

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502-10 (A-7019). As a part of the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) and SECURE Act 2.0, the following changes in rules for Required Minimum Distributions (RMDs) from qualified retirement plans were included:

- Effective 1/1/20, the required beginning date for RMDs from the TVARS pension plan and the 401(k) Plan is changed from age 70 ½ to age 72 (so the required beginning date for RMDs becomes April 1 of the calendar year following the year in which the participant turns age 72)
- Effective 1/1/23, the required beginning date for RMDs from the TVARS pension plan and the 401(k) Plan is changed from age 72 to age 73 (so the required beginning date for RMDs becomes April 1 of the calendar year following the year in which the participant turns age 73)

As a part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the TVARS Board of Directors elected to provide the following additional distribution, deferral, and waiver opportunities under the 401(k) Plan for participants who were impacted by the Covid pandemic:

Coronavirus Related Distributions

- 401(k) Plan allowing withdrawals of up to $100,000 at any time from March 27, 2020 through December 30, 2020 to “eligible individuals” as defined by IRS rules

- Distributions are not subject to the 10% early withdrawal tax and may also be recontributed back to the plan

Coronavirus Related Loan Deferrals

- Payments on existing 401(k) Plan loans due between March 27, 2020 – December 31, 2020 may be delayed up to one year by "eligible individuals" as defined by IRS rules
- The term of the loan will be extended for the length of the suspension period (even if it extends the loan beyond five years)
- During the suspension period, interest will continue to accrue and future payments will be adjusted to reflect the interest accrued during the delay

Waiver of RMDs

- RMD payments for participants from the 401(k) Plan due in 2020 are waived
- RMDs are automatically waived unless the participant elects to receive, and if received, are not eligible for rollover

All of these SECURE Act and CARES Act provisions went into effect at earlier dates, and the TVARS retirement plans have been operating in compliance with the provisions since those dates. The IRS then allows the plan documents to be amended at later dates, so these amendments serve to memorialize how the plans have been operating according to IRS requirements. Accordingly, upon the recommendation of the Retirement Committee, the Board approved the following amendments to the TVARS Rules and 401(k) Plan Provisions:

The following Sections of the Rules and Regulations of the TVA Retirement System are amended to delete the language marked through and to add the language underlined as follows:

SECTION 7

7. Cash Balance Benefit Structure

I. Benefit Payable in the Event of Death Before Retirement

Upon the receipt of proper proofs of death of a Participant who shall have died in service, there shall (subject, however, to the provisions of section 11) be paid to such person as the Participant shall have nominated by written designation duly filed with the board a benefit as follows:

1. For Participants Who First Became Members Prior to January 1, 1996, and For Participants Who First Became Members On or After January 1, 1996, and Have Ten (10) or More Years of Cash Balance Service as of October 1, 2016

    a. If the Participant's beneficiary is any person other than such Participant's spouse, the beneficiary may elect to receive either (1) a cash lump sum, payable as of the first day of the month following the month in which the Participant's death occurs, in an amount equal to the value of such Participant's accumulated contributions plus the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the Participant's account balance as of the last day of the month in which the death of the Participant occurs, or (2) a life annuity commencing no later than one year after the member's death and consisting of a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary’s age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. If no beneficiary survives the death of the Participant, such benefit, which would have been payable to the beneficiary, shall be paid to the Participant's estate.

    b. If the Participant's beneficiary is the Participant's spouse, such spouse shall be entitled to receive a life annuity for such beneficiary's life commencing no later than the date the Participant would have reached age 70-1/2 <u>(if the Participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the Participant was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the Participant was born after December 31, 1950),</u> if such Participant had survived to such date. Such benefit to the spouse shall be a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section

6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary's age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. Notwithstanding the foregoing, the spouse may request to receive, in lieu of any other benefits under the System to which such spouse would otherwise be entitled, a distribution of a cash lump sum equal to the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the value of the Participant's cash balance account balance as of the Participant's date of death, and the Participant's accumulated contributions payable as soon as practicable after the Participant's death.

SECTION 15

15. Minimum Distribution Requirements for Benefits

II. Benefit Distributions On or After January 1, 2006

B. Time and Manner of Distribution.

1. Required Beginning Date. The member's entire interest will be distributed, or begin to be distributed, to the member no later than the member's required beginning date.

2. Death of Member Before Distributions Begin. If the member dies before distribution begins, the member's entire interest will be distributed, or begin to be distributed, no later than as follows:

a. If the member's surviving spouse is the member's sole designated beneficiary, then, except as provided in section 15G below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the member died, or by December 31 of the calendar year in which the member would have attained age 70 ½ (if the member was born before July 1, 1949), effective January 1, 2020, age 72 (if the member was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the member was born after December 31, 1950), if later .

b. If the member's surviving spouse is not the member's sole designated beneficiary, then except as provided in section 15G below, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the member died.

c. If there is no designated beneficiary as of September 30 of the year following the year of the member's death, the member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death.

d. If the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member but before distributions to the surviving spouse begin, this subsection B(2), other than subsection B(2)(i), will apply as if the surviving spouse were the member.

For purposes of this subsection B(2) and section 15E, distributions are considered to begin on the member's required beginning date (or, if subsection B(2)(d) applies, the date distributions are required to begin to the surviving spouse under subsection B(2)(a)). If annuity payments irrevocably commence to the member before the member's required beginning date (or to the member's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection B(2)(a)), the date distributions are considered to begin is the date distributions actually commence.

3. Form of Distribution. Unless the member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections 15C, 15D and 15E. If the member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the member's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

D. Requirements for Annuity Distributions That Commence During Member's Lifetime.

1. Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse. If the member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the member and a nonspouse beneficiary, annuity payments to be made on or after the member's annuity starting date to the designated beneficiary after the member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the member using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the member and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

2. Period Certain Annuities. Unless the member's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the member's lifetime may not exceed the applicable distribution period for the member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the member reaches age 72~~0~~, the applicable distribution period for the member is the distribution period for age 72~~0~~ under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 72~~0~~ over the age of the member as of the member's birthday in the year that contains the annuity starting date. If the member's spouse is the member's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the member's applicable distribution period, as determined under this section 15D(2), or the joint life and last survivor expectancy of the member and the member's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the member's and spouse's attained ages as of the member's and spouse's birthdays in the calendar year that contains the annuity starting date.

F. Definitions.

1. Designated beneficiary. The individual who is designated as the beneficiary under these Rules and Regulations and is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the Treasury regulations.

2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the member's required beginning date. For distributions beginning after the member's death, the first distribution calendar year is the calendar year in which distributions are required to begin under section 15B(2).

3. Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

4. Required beginning date. A member may not defer commencement of his or her benefits past his or her required beginning date. The required beginning date is April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 70 ½ (if the member was born before July 1, 1949), effective January 1, 2020, age 72 (if the member was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the member was born after December 31, 1950), or (ii) the calendar year in which the member retires.

~~III. Default to Discontinue 2009 RMDs~~

~~Notwithstanding this section 15, a member or member's beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the member, the joint lives (or joint life expectancy) of the member and the member's designated beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will not receive those distributions for 2009 unless the member or beneficiary chooses to receive such distributions. Members and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2009 RMDs or Extended 2009 RMDs are eligible for direct rollover pursuant to section 8.~~

The following Articles of the Provisions of the Tennessee Valley Authority Savings and Deferral Retirement Plan are amended, effective January 1, 2020 and January 1, 2023 for Articles 7.1, 7.2, and 7.4B(2)(i), January 1, 2020 for Article 7.4H, and March 27, 2020 for Articles 8.6 and 8.8, to delete the language marked through and to add the language underlined as follows:

ARTICLE 7

7. Benefits

7.1 Retirement and Disability Benefit. By the end of the fourth month following a participant's retirement under the Rules and Regulations of the Retirement System on a service retirement allowance, a special service retirement allowance, a disability retirement allowance, or a deferred retirement allowance, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), and transfer contributions account under this Deferral Plan, unless the participant elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ <u>(if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950)</u>. A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) dates for the distribution of such accounts so long as payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations. In lieu of the foregoing, a participant, who first became a member of the Retirement System before January 1, 1996, may, at the time the participant makes application for retirement, elect to transfer all or part of the participant's savings contribution account and the after-tax portion of the participant's transfer contribution account to the Retirement System's accumulation account for conversion to a fixed-dollar annuity or to the variable annuity fund for conversion to a variable annuity.

7.2 <u>Benefit Upon Termination of Employment</u>. By the end of the fourth month following a participant's termination of employment for any cause other than retirement as stated in Article 7.1 or death, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), nonelective contributions account (if nonforfeitable), and transfer contributions account, unless the participant elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ <u>(if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950)</u>. A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) the dates for the distribution of such accounts so long as the payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations.

7.4 <u>Minimum Distribution Requirements for Benefits</u>. The provisions of this article will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

B. <u>Time and Manner of Distribution</u>

(1) <u>Required Beginning Date</u>. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

(2) Death of Participant Before Distributions Begin. If the participant dies before distribution begins, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in Article 7.4F below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the participant was born after December 31, 1950), if later.

H. Default to Discontinue 2020 RMDs

Notwithstanding this Article 7.4, a participant or participant's beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the participant or beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2020 RMDs or Extended 2020 RMDs are eligible for direct rollover pursuant to Article 7.5.

ARTICLE 8

8. Withdrawals and Loans

8.6 Loans. On or after October 1, 1988, the board may, in its sole discretion, authorize a loan to a participant who is an active employee of an amount from the participant's accounts subject to the following:

D. “Coronavirus-Related Loans.” Notwithstanding any provision of this plan to the contrary, the following special rule applies to loans made to a participant who is a Qualified Individual:

(1) For a participant who is a Qualified Individual, and who has an outstanding loan on or after March 27, 2020, the due date of any loan repayment that is due during the period beginning on March 27, 2020 and ending on December 31, 2020, shall be delayed for a period not to exceed one year. Any subsequent repayments with respect to such loan shall be adjusted to reflect the delay and any interest accruing during such delay. The 5-year loan repayment schedule (or a primary residence loan repayment schedule) required under section 72(p) of the Code shall be appropriately adjusted to reflect the period during which loan payments are delayed.

(2) “Qualified Individual” means an individual:

(i) Who was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (“CDC”);

(ii) Whose spouse or dependent was diagnosed with such virus or disease by a test approved by the CDC;

(iii) Who experienced adverse financial consequences as a result of being quarantined, being furloughed, being laid off, or having his work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, the closing or reduction of hours of his or her business due to such virus or disease;

(iv) Who experiences adverse financial consequences as a result of a reduction in pay (or self-employment income) or has a job offer rescinded or start date delayed due to such virus or disease;

(v) Who experiences adverse financial consequences as a result of the individual’s spouse or member of the individual’s household being quarantined, being furloughed, being laid off, or having work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, having a reduction in pay (or self-employment income) or having a job offer rescinded or start date delayed due to such virus or disease;

(vi) Who experiences adverse financial consequences as a result of the closing or reducing hours of a business owned or operated by the individual’s spouse or member of the individual’s household due to such virus or disease; or

(vii) Who satisfies any other factors, as determined by the Secretary of the Treasury (or the Secretary's delegate).

For purposes of this Article 8.6 and Article 8.8, a member of the individual's household is someone who shares the individual's principal residence.

8.8 Coronavirus-Related Distributions. Notwithstanding any provision of this Plan to the contrary, the following special rules apply to a participant (including a terminated participant) who is a Qualified Individual who received a coronavirus-related distribution:

A. A coronavirus-related distribution shall be treated as meeting the requirements of section 401(k)(2)(B)(i) of the Code and shall not be subject to the tax treatment that applies to an eligible rollover distribution (as defined in Article 7.5) under sections 401(a)(31), 402(f), and 3405 of the Code.

B. Section 72(t) of the Code shall not apply to a coronavirus-related distribution. Unless the Qualified Individual elects otherwise, any coronavirus-related distribution that would be included in the Qualified Individual's gross income for the taxable year of the distribution shall be included in gross income ratably over a three-year period beginning in the year of the distribution.

C. The aggregate amount of coronavirus-related distributions shall not exceed the excess (if any) of (i) $100,000 over (ii) the aggregate amounts treated as coronavirus-related distributions received by the Qualified Individual from all plans maintained for employees of TVA.

D. A Qualified Individual who received a coronavirus-related distribution may, at any time during the three-year period beginning on the day after receipt of the coronavirus-related distribution, make one or more repayments to the Deferral Plan in an aggregate amount not to exceed the amount of the coronavirus-related distribution. Amounts repaid hereunder shall be treated as trustee-to-trustee transfers within 60 days of the distribution and shall be credited to the Qualified Individual's Deferral Plan account.

E. A Qualified Individual will certify, in accordance with the rules prescribed by the Board, that he or she meets the requirements of a Qualified Individual, and the Board and its delegate may rely on such certification.

F. "Coronavirus-related distribution" means any distribution on or after March 27, 2020 and before December 31, 2020 to an eligible individual.

G. For purposes of this Article 8.8, "Qualified Individual" has the meaning set forth in Article 8.6D(2).

* * *

502-11 (A-7020). At the September 2023 quarterly meeting, the Board approved changes in actuarial valuation assumptions and retirement calculation factors based on the results of the actuarial study analyzing the System's experience over the 5-year period from October 1, 2017, to September 30, 2022, performed by Mercer Human Resources Consulting, the System's actuary (see Minute Entry 501-7). In order to memorialize the mortality assumption changes for service retirement and actuarial valuation purposes, upon the recommendation of the Retirement Committee, the Board approved the following amendments to the Actuarial Assumptions in the Appendix to the TVARS Rules and Regulations consistent with the new mortality assumptions:

The Actuarial Assumptions in the Appendix to the Rules and Regulations of the TVA Retirement System are amended to delete the language marked through and to add the language underlined as follows:

APPENDIX TO THE RULES AND REGULATIONS OF THE TVA RETIREMENT SYSTEM

Actuarial Assumptions

Certain benefit payments are calculated on the basis of actuarial assumptions, mortality tables, and interest rates. The following have been adopted by the board. The board may change these assumptions, tables, and rates from time to time.

1. a. The mortality tables for service retirements are based on the 1971 Group Annuity Mortality Table rated back one year (hereinafter referred to as service mortality tables) and the mortality tables for disability retirements are based on the Society of Actuaries Disability Exposure Table Ultimate 1985 rated back six years (hereinafter referred to as disability mortality tables).

   b. Effective for service retirements on or after January 1, 2003, the mortality table used shall be the 1983 Group Annuity Mortality Table (references to service mortality tables for service retirements on or after that date shall be deemed as references to this table). Effective for disability retirements on or after January 1, 2003, the mortality table used shall be the 1983 Group Annuity Mortality Table, set forward eight years (references to disability mortality tables for disability retirements on or after that date shall be deemed as references to this table).

   c. Effective for service retirements on or after April 1, 2009, the mortality table used shall be the Combined Healthy RP-2000 Mortality Table without a collar adjustment (references to service mortality tables for service retirements on or after that date shall be deemed as references to this table). Effective for disability retirements on or after April 1, 2009, the mortality table used shall be the Combined Healthy RP-2000 Mortality Table without a collar adjustment, with a set forward that is ten years before age 70, grades down to six years from age 70 to age 73, is six years from age 73 to age 79, grades down to zero years from age 80 to age 85, and is zero above age 85 (references to disability mortality tables for disability retirements on or after that date shall be deemed as references to this table).

d. Effective for service retirements on or after February 1, 2014, the mortality table used shall be the Combined Healthy RP-2000 Mortality Table without a collar adjustment, projected with Scale AA to 2022 (references to service mortality tables for service retirements on or after that date shall be deemed as references to this table). Effective for disability retirements on or after February 1, 2014, the mortality table used shall be the Combined Healthy RP-2000 Mortality Table without a collar adjustment, projected with Scale AA to 2022, with a set forward that is 20 years until age 55, decreasing from 20 years to 10 years from age 55 to 65, remaining 10 years from age 65 to age 75, decreasing from 10 years to zero between ages 75 and 85 and staying zero after age 85 (references to disability mortality tables for disability retirements on or after that date shall be deemed as references to this table).

e. Effective for service retirements on or after April 1, 2019, the mortality table used shall be the base healthy mortality table RP-2014 from the Society of Actuaries' 2014 mortality study multiplied by a load factor of 105% for males and 110% for females, without a collar adjustment, adjusted for mortality improvement based on the rates contained in Mercer's mortality improvement scale MSS-2018 to 2028 (after the MP-2014 improvement scale is backed out to the 2006 base year). References to service mortality tables for service retirements on or after that date shall be deemed as references to this table. Effective for disability retirements on or after April 1, 2019, the mortality table used shall be the base disabled mortality table RP-2014 from the Society of Actuaries' 2014 mortality study multiplied by a load factor of 120% for males and 95% for females, without a collar adjustment, adjusted for mortality improvement based on the rates contained in Mercer's mortality improvement scale MSS-2018 to 2028 (after the MP-2014 improvement scale is backed out to the 2006 base year). References to disability mortality tables for disability retirements on or after that date shall be deemed as references to this table.

f. Effective for service retirements on or after April 1, 2024, the mortality table used shall be the benefit amount-weighted upper quartile healthy mortality table Pri-2012 from the Society of Actuaries' 2019 mortality study multiplied by a load factor of 105% for both males and females, without a collar adjustment, adjusted for mortality improvement based on the rates contained in Mercer's mortality improvement scale MSS-2022 to 2038. References to service mortality tables for service retirements on or after that date shall be deemed as references to this table. Effective for disability retirements on or after April 1, 2024, the mortality table used shall be the benefit amount-weighted disabled mortality table Pri-2012 from the Society of Actuaries' 2019 mortality study multiplied by a load factor of 115% for both males and females, with no collar adjustment, and with mortality improvement projection based on Mercer's mortality improvement scale MSS-

2022 to 2038. References to disability mortality tables for disability retirements on or after that date shall be deemed as references to this table.

~~f.~~g. Such service mortality tables and disability mortality tables, as heretofore defined, are used as the bases for determining various benefit computation factors.

~~g.~~h. Effective September 30, ~~2022~~2023, for purposes of the System's actuarial valuations as set forth under the Rules and Regulations, the following mortality tables will be used for service retirements and disability retirements. For service retirements, the mortality table shall be the benefit amount-weighted upper quartile healthy mortality table Pri-2012 from the Society of Actuaries' 2019 mortality study multiplied by a load factor of 100% for both male and female employees, ~~and 105%~~102% for both male and female annuitants, and 110% for both male and female contingent survivors; with no collar adjustment, and with mortality improvement projection based on Mercer's mortality improvement scale MSS-~~2022~~2023 (as updated annually, and reviewed and approved by the Board) which reflects generational mortality improvement based on the Social Security Administration's projected mortality experience. For disability retirements, the mortality table shall be the benefit amount-weighted disabled mortality table Pri-2012 from the Society of Actuaries' 2019 mortality study multiplied by a load factor of ~~110%~~115% for both males and females, with no collar adjustment, and with mortality improvement projection based on Mercer's mortality improvement scale MSS-~~2022~~2023 (as updated annually, and reviewed and approved by the Board) which reflects generational mortality improvement based on the Social Security Administration's projected mortality experience.

~~h.~~i. The above notwithstanding, for the purposes of applying the limits on benefits set forth in section 415(b) of the Internal Revenue Code, the mortality table used shall be the table prescribed by the Secretary of the Treasury in Revenue Ruling 95-6, as it may be amended or superseded. Provided, further, that effective as to distributions with annuity starting dates on or after December 31, 2002, notwithstanding any other plan provisions to the contrary, the applicable mortality table used for the purposes of adjusting any benefit or limitation under section 415(b)(2)(B), (C), or (D) of the Internal Revenue Code as set forth in section 17 of the Rules and Regulations is the table prescribed in Rev. Rule 2001-62. Provided, further, that effective as to distributions with annuity starting dates in plan years that begin on or after January 1, 2008, notwithstanding any other plan provisions to the contrary, the mortality table used for the purposes of adjusting any benefit or limitation under section 415(b)(2)(B), (C), or (D) of the Internal Revenue Code as set forth in May 2005 RETIREMENT Rules Page 91 section 17 of the Rules and Regulations is the applicable mortality table under section 417(e) of the Internal Revenue Code as prescribed and published by Internal Revenue Service guidance or regulations applicable to section 417(e).

* * *

502-12 (A-7021). Following discussion with TVARS staff, a disability retirement appeal on the agenda was deferred by the Board until the next meeting pending receipt of additional information from the TVARS member.

* * *

502-13 (A-7022). The Audit Committee report consisted of the items reported below at A-7023 and A-7024, and of the following item:

- Prior to the meeting, Charlotte Vrba, Ann Zander, and AJ Quebbeman of Crowe LLP, the System's auditor (Crowe), provided an update to the Board via video conferencing on the status of the System's 2023 fiscal year-end audit, including the timing plan of the audit and required communications as a part of the audit.

* * *

502-14 (A-7023). Prior to the meeting, the Board met with Sean Katzenberger and Rob Vittitow of Crowe and the TVARS financial reporting staff to review and discuss the results of the System and Organization Controls Report SOC 1 Type 2 related to the System's administration services for the period August 1, 2022, to July 31, 2023. Upon the recommendation of the Audit Committee, the Board voted to accept the SOC1 Type 2 Report. A copy of the TVARS SOC 1 Type 2 Report and Crowe's SOC1 Presentation dated December 8, 2023, is filed as Exhibit 502-14.

* * *

502-15 (A-7024). Upon the recommendation of the Audit Committee, the Board voted to approve an engagement letter with Crowe to perform the System's SOC1 audit for the period August 1, 2023, to July 31, 2024. A copy of the SOC1 engagement letter between Crowe and TVARS is filed as Exhibit 502-15.

* * *

502-16 (A-7025). The Election Committee report consisted of the item reported below at A-7026.

* * *

502-17 (A-7026). The Election Committee presented the results of the election between Mike Clement and Scott Haulsee that ended September 21, 2023. Mike Clement received 58.3% of the votes to win election to the TVARS Board for a three-year term from November 1, 2023, through October 31, 2026. Overall voter participation was 20% with 93% of the votes cast online. A copy of the certified election results and statistics from Election-America is filed as Exhibit 502-17.

* * *

502-18 (A-7027). The Investment Committee report consisted of the items reported below at A-7028, A-7029, and A-7030, and of the following items:

- The Board was provided and took note of information regarding asset allocation transfers and rebalancing during the third quarter of 2023. A copy of the information is filed as Exhibit 502-18(a).

- The Board was provided and took note of information on due diligence meetings between TVARS staff and investment managers and service providers for the period September 2023 through November 2023. A copy of the information is filed as Exhibit 502-18(b).

- On December 7, 2023, Wilshire presented to the Investment Committee the risk reporting dashboard for the total investment portfolio through September 2023 and the various changes in investment risk as a result of certain factors over the past 1-year period. A copy of Wilshire's Risk Analysis report for TVARS dated September 2023 is filed as Exhibit 502-18(c).

- On December 7, 2023, Mercer Investment Consulting, Inc. (Mercer), the System's defined contribution plan consultant, provided to the Investment Committee and TVARS staff the 401(k) Plan quarterly review covering the following: the forward-looking committee calendar through September 2024; 401(k) Plan asset allocation as of September 30, 2023; investment performance and expense ratios of the 401(k) Plan fund line-up, absolute and compared to benchmarks and peer funds, as of September 30, 2023; a comparison of stable value fund and money market fund performance over periods involving Federal Reserve interest rate changes; an update on the implementation of the BlackRock Paycheck funds on the Fidelity platform and the transition of the Loomis Sayles Core Plus Fixed Income strategy to a lower cost share class; and a governance review that included current 401(k) Plan statistics, Fidelity annual fees as the provider of recordkeeping and trustee services, judicial update, and regulatory and legislative updates, including an update on SECURE Act 2.0 retirement provisions and agency guidance. A copy of Mercer's Q3 2023 DC Quarterly Review dated December 7, 2023, is filed as Exhibit 502-18(d).

- Director Blakely engaged the Board and TVARS staff is a discussion around fees for participants in the 401(k) Plan, which included understanding the fees and expenses incurred by participants investing in the Target Retirement Portfolios compared to participants using Fidelity's managed account service and investing in Fidelity funds through the BrokerageLink.

* * *

502-19 (A-7028). Under the System's new asset allocation policy, the allocation to Treasury Inflation Protection Securities (TIPS) is being decreased from a target of 10% to 5%. TVARS staff has being working with Wilshire on prudent and efficient ways to move toward the new allocations, which includes over $300 million being reallocated out of TIPS. There are currently three investment managers for the overall TIPS allocation – Bridgewater Associates (Bridgewater), Pacific Investment Management Company (PIMCO), and Mellon Capital Management (MCM) – and Bridgewater manages about $370 million, or about half of the total allocation. Given the reduction in the overall allocation to TIPS, Wilshire and the TVARS staff believes two managers will be able to provide an efficient portfolio structure. Accordingly, upon the recommendation of Wilshire and the Investment Committee, the Board voted to terminate Bridgewater as an investment manager of the System and to reallocate the assets within the new asset allocations. A copy of Wilshire's memo on Bridgewater and the TIPS portfolio dated December 7, 2023, is filed as Exhibit 502-19.

* * *

502-20 (A-7029). Under the System's new asset allocation policy, the allocation to Long Duration Fixed Income is being increased from a target of 7.5% to 12%, and the allocation to Defensive Equity is being decreased from a target of 7.5% to 4%. The increase in Long Duration Fixed Income will be approximately $470 million, and the decrease in Defensive Equity will be approximately $280 million once fully implemented. PIMCO currently manages around $280 million in a Low Volatility Equity mandate within the Defensive Equity allocation. As a part of an investment structure analysis performed by Wilshire, PIMCO's Long Credit strategy was identified as a highly-rated strategy for the Long Duration Fixed Income allocation. Accordingly, as a means of rebalancing these two allocations in an efficient and cost-effective manner, Wilshire recommends transitioning PIMCO's Low Volatility Equity portfolio to PIMCO's Long Credit in order to increase the Long Duration Fixed Income allocation while decreasing the Defensive Equity allocation. Upon the recommendation of Wilshire and the Investment Committee, the Board voted to terminate PIMCO's Low Volatility Equity strategy and to approve PIMCO to invest the reallocated assets in the Long Credit strategy. A copy of Wilshire's memo on PIMCO and the transition between PIMCO strategies dated December 7, 2023, is filed as Exhibit 502-20.

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502-21 (A-7030). Under the System's new asset allocation policy, the allocation to Core Fixed Income is being increased from a target of 10% to 16%. The current TVARS Core Fixed Income portfolio includes three managers: TCW, Western Asset Management (WAMCO), and PGIM. As a part of an investment structure analysis performed by Wilshire, several additional highly-rated managers were evaluated and the Core Disciplined Alpha strategy of Loomis Sayles was identified as a preferred strategy that would be additive to the efficiency of the Core Fixed

Income portfolio. Following a discussion by the Board with Wilshire about the quantitative and qualitative analysis around Wilshire's determination of Loomis Sayles' Core Disciplined Alpha strategy as a best option for the System's Core Fixed Income portfolio, upon the recommendation of Wilshire and the Investment Committee, the Board voted to approve the Loomis Sayles Core Disciplined Alpha strategy with a mandate size of $250 million to be funded from the assets of the terminated Bridgewater portfolio. A copy of Wilshire's memo on the Loomis Sayles Core Disciplined Alpha strategy dated December 7, 2023, is filed as Exhibit 502-21.

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The meeting was adjourned at 1:33 p.m., EST.

Executive Secretary

Brian M. Child

Chair